



Regulatory Alert

Regulatory Insights for Financial Services

January 2023

Examination and Risk Monitoring: FINRA 2023 Report

KPMG Insight. FINRA’s Examination and Risk Monitoring Report highlights key areas of “expanded focus” such as Regulation BI and cybersecurity as well as emerging risks (including sanctions evasion) that will likely direct reviews in 2023. Firms should anticipate that examiners will be assessing how well their compliance activities in each of the topic areas align with the information contained in the Report, including: new material, exam findings, effective practices, and “relevant considerations.” Member firms are encouraged to also consider FINRA’s report in concert with similar releases by the SEC on its examination findings and priorities as well as anticipated rulemakings under its 2023 regulatory agenda.

The Financial Industry Regulatory Authority (FINRA) has published its 2023 [Report on FINRA’s Examination and Risk Monitoring Program](#), providing insights into findings from recent oversight activities under its Member Supervision, Market Regulation, and Enforcement programs (collectively, “regulatory operations programs”).

The Report covers twenty-four (24) topics across five (5) key areas (including, i) Financial Crimes, ii) Firm Operations, iii) Communications and Sales, iv) Market Integrity, and v) Financial Management), representing a wider range of topics under these key areas than in previous years’ reports, a new section (Financial Crimes), and novel topics within the Market Integrity section. For each topic, FINRA:

- Identifies the relevant topics, rule(s), and/or oversight activities
- Summarizes findings or observations
- Outlines effective practices that FINRA observed through its regulatory operations programs
- Highlights key considerations for firms’ compliance programs

An outline of certain key risk areas, emerging risks, and new topics as identified by FINRA follows.

Expanded Focus in Key Risk Areas

Topics	Relevant KPMG Thought Leadership
Reg BI and Form CRS	Click here
Consolidated Audit Trail (CAT)	Click here
Order Handling, Best Execution, and Conflicts of Interest	Click here and here
Mobile Apps	Click here
Cybersecurity	Click here and here
Complex Products and Options	Click here and here

Areas of Emerging Risk

Topics	Relevant KPMG Thought Leadership
Manipulative Trading in small cap IPOs	Click here and here
Sanctions Evasion	Click here and here
ACATS (Automated Customer Account Transfer Service) Fraud	Click here and here



2023 Report – New Sections and Topics	
Topics	Relevant KPMG Thought Leadership
Financial Crimes	
Cybersecurity and Technology Governance	Click here and here
Anti-Money Laundering and Sanctions	Click here , here , and here
Manipulative Trading	Click here
Market Integrity	
Fair Pricing (Fixed Income)	Click here and here
Reporting and Order Handling (Fractional Shares)	
Market Making Exemptions (Regulation SHO)	

Relevant KPMG Thought Leadership:

- [KPMG Regulatory Alert | SEC Regulatory Agenda](#)
- [KPMG Regulatory Alert | Examination and Risk Monitoring: FINRA 2022 Report](#)

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